

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE
CITY OF MONTEBELLO OVERSIGHT BOARD**

**CITY OF MONTEBELLO
CITY COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA 90640**

Wednesday, August 15, 2012

8:15 a.m.

AUDIO LINK FOR THE ENTIRE MEETING. (12-3913)

Attachments: [Audio](#)

I. CALL TO ORDER

Chair Bruckner called the meeting to order at 8:22 a.m.

II. ROLL CALL

Present: **Chair Richard Bruckner, Vice Chair Ernesto Hidalgo
Board Members Edgar Cisneros, Yolanda Duarte,
Cheryl A. Plotkin and Dolores Gonzalez-Hayes**

Vacant: **Community College Appointee**

III. CLOSED SESSION

1. Oversight Board Counsel shall provide a briefing on the items listed for Closed Session as follows:

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Subdivision (a), of Government Code Section 54956.9)

**Sevacherian, et al. v. Community Redevelopment Agency of the City of
Montebello, Los Angeles County Superior Court Case No. BC437787) (12-2793)**

By Common Consent, there being no objection (Community College Appointee being vacant), Open Session adjourned to Closed Session at 8:24 a.m. and reconvened into Open Session 9:15 a.m. with the following Board Members present: Cisneros, Duarte, Plotkin, Gonzalez-Hayes, Vice Chair Hidalgo, and Chair Bruckner.

Chair Bruckner reported that there was no action taken.

IV. STAFF COMMUNICATIONS

2. Letter addressed to Chair Bruckner from Stradling Yocca Carlson & Rauth. (12-3800)

By Common Consent, there being no objection (Community College Appointee being vacant), the Oversight Board acknowledged and received and filed the Correspondence dated July 27, 2012 from Stradling Yocca Carlson & Rauth regarding "Potential Conflict of Interest; State of California."

Attachments: [Letter dated July 27, 2012](#)

V. ADMINISTRATIVE MATTERS

3. Recommendation: Approve the Minutes for July 18, 2012. (12-3725)

On motion of Board Member Cisneros, seconded by Board Member Gonzalez-Hayes, duly carried by the following vote, the Oversight Board approved the July 18, 2012 minutes:

Ayes: 6 - Board Members Cisneros, Duarte, Plotkin Gonzalez-Hayes, Vice Chair Hidalgo and Chair Bruckner

Vacant: 1 - Community College Appointee

Attachments: [07-18-12 Minutes](#)

4. Recommendation: Schedule meeting dates in the month of September 2012 for the review and discussion of the Due Diligence Review. (12-3728)

Successor Agency recommended that the Oversight Board meet prior to the October 1, 2012 deadline in order to finish procedural matters related to the upcoming Due Diligence Review and at the same the Successor Agency will have an opportunity to retain an accounting firm to audit housing assets. During discussion, it was determined that the regular meeting scheduled for September 5, 2012 be cancelled and a Special Meeting be scheduled for September 26, 2012.

By Common Consent, there being no objection (Community College Appointee being vacant), the Oversight Board cancelled the regular meeting of September 5, 2012 and scheduled a Special Meeting, Wednesday, 26, 2012 at 8:15 a.m.

VI. RECOMMENDATIONS

5. Recommendation: Review and approve a Resolution adopting the Recognized Obligation Payment Schedule (ROPS 3) for the period of January 1, 2013 through June 30, 2013. (12-3727)

Michael Huntley, Director of Planning and Community Development, provided the Oversight Board with an overview of the ROPS 3. He informed the Oversight Board that the Department of Finance (DOF) provided a new format for ROPS 3, which encompasses the following:

- **Successor Agency Contact Information**
- **Summary of Recognized Obligation Payment Schedule – Filed for the January 1, 2013 to June 30, 2013 Period**
- **Recognized Obligation Payment Schedule (ROPS 3) – January 1, 2013 through June 30, 2013**
- **Recognized Obligation Payment schedule – Notes (Optional) – Specifically relate to the 1st ROPS**
- **Pursuant to Health and Safety Code Section 34186 (a) – Prior Period Estimated Obligations vs. Actual Payments Recognized Obligation Payment Schedule (ROPS 1) – January 1, 2012 through June 30, 2012**

Furthermore, provisions of AB 1484 pertaining to what can be considered an administrative fee, the following Line Item Nos. are now separate line items on the ROPS 3:

Item No. 19 - Oversight Board Attorney – Stradling, Yocca, Carlson & Rauth

Item No. 20 - Attorney Fees, Litigation

Item No. 21 – Administrative Transaction Fee

Mr. Huntley further informed the Oversight Board that on Line Item No. 14, City of Montebello, Reimbursement Agreement Between City & Successor Agency, Pursuant to 2000 Certificates of Participation – City of Montebello, was originally disputed by the DOF. However, a Certificate of Participation was provided, and based on changes of AB 1484, this item was now considered an enforceable obligation, and therefore placed on ROPS 3.

During discussion, Board Member Duarte reiterated her concern about Line Item No. 14, and pointed out that this Line Item received prior approval from the Oversight Board but was subsequently disallowed by the DOF. Francesca Tucker-Schuyler, Interim City Administrator/Director of Finance, explained to the Oversight Board that the Successor Agency felt this was an enforceable obligation, and during discussions with the DOF it was advised that Line Item No. 14 be placed on ROPS 3 with additional supporting documentation. DOF advised the Successor Agency they would review the matter further.

Chair Bruckner requested background information regarding Line Item No. 15, Low Mod Housing Deferral – City of Montebello Successor Housing Agency. Mr. Huntley explained that the Montebello City Redevelopment Agency had deferred putting funds into the Housing Set Aside Fund, and the deferral agreement was an existing document, but the DOF did not consider this a Recognized Obligation. However, based on changes of AB 1484, it is now considered as such, and a repayment schedule needed to be presented to the Oversight Board. Pending Oversight Board approval, it would go to the State for approval, and then the payment would come on an annual basis to the Housing Successor Agency for Low and Moderate Housing.

Christopher G. Cardinale, Successor Agency Legal Counsel, cited AB 1484, adding that Section 34171 (d) 1 G states that an Enforceable Obligation can mean:

“Amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of the effective date of the act adding this part; provided, however, that the repayment schedule is approved by the oversight board. Repayments shall be transferred to the Low and Moderate Income Housing Asset Fund established pursuant to subdivision (d) of Section 34176 as a housing asset and shall be used in a manner consistent with the affordable housing requirements of the Community Redevelopment Law [Part 1 (commencing with Section 33000)]”

Mr. Cardinale reiterated that in order for the funds to be disbursed, the payment schedule must be included on the ROPS and approved by the Oversight Board.

The Oversight Board discussed whether to strike Line Item No. 15, Low Mod Housing Deferral – City of Montebello Successor Housing Agency, until a payment schedule was created. Mr. Huntley informed the Oversight

Board that there is a payment during this ROPS period and it is the reason why it is on the ROPS memorializing the fact that payment needs to be made during this time.

Board Member Cisneros addressed the Oversight Board and stated that the law requires approval of the schedule before it is placed on the ROPS. Ms. Tucker-Schuyler suggested to the Oversight Board that a footnote can be placed on the ROPS saying it's contingent upon approval of the payment schedule; and further informed the Oversight Board that this line item is between the Successor Agency and the Housing Authority, so what's received as revenue from the trust fund will be allocated to the low mod housing as opposed to the Successor Agency and it is consider as an inter-agency transaction as opposed to an outside, third party, debt service payment.

Chair Bruckner recommended to the Oversight Board and requests that Line Item No. 15 be footnoted in the ROPS 3 and subject to future action.

Oversight Board Legal Counsel, Mark J. Huebsch, recommended that when making the motion to include the footnote for Line Item No. 15 and conclude with a roll call.

On motion of Board Member Plotkin, seconded by Board Member Duarte, unanimously carried, the Oversight Board adopted the resolution approving the Recognized Obligation Payment Schedule (ROPS 3) for the period of January 1, 2013 through June 30, 2013 with the addition of a footnote pertaining to Line Item No. 15 to show that the low moderate housing deferral is approved pending the receipt of the payment schedule.

Ayes: 6 - Board Members Cisneros, Duarte, Plotkin Gonzalez-Hayes, Vice Chair Hidalgo, and Chair Bruckner

Vacant: 1 - Community College Appointee

Attachments: [Staff Report](#)
[Recognized Obligation Payment Schedule - January 1, 2013 through Resolution](#)

6. Recommendation: Approve a resolution adopting the Successor Agency Administrative Budget for the period of January 1, 2013 through June 30, 2013. (12-3726)

Michael Huntley, Director of Planning and Community Development, provided an overview of the Successor Agency Administrative Budget, stating that based on changes of AB 1484, the format is no longer being broken into project areas, and the Administrative Budget is now at 3%.

Francesca Tucker-Schuyler, Interim City Administrator/Director of Finance, added that the Administrative Overhead is much higher than stated on the ROPS, and the Successor Agency and City is absorbing much of the cost. Ms. Tucker-Schuyler continued to explain that the Successor Agency staff has taken the Administrative Allowance and have broken down how that allowance would be used.

Mr. Huntley noted that although the provisions of AB 1484 do not include a deadline for Administrative Budget approval, in that September 1, 2012 deadline for approval of the ROPS affect the project-specific allowances, the administrative budget would need to be approved prior to September 1, 2012 as well, adding any approval by the Oversight Board needs to be done by resolution.

During discussion, Chair Bruckner expressed concern that the resolution was still in draft form. Mark Huebsch, Oversight Board Legal Counsel, recommended to the Oversight Board to adopt the verbiage of the ROPS 3 resolution, with appropriate changes, in order to move the Successor Agency Administrative Budget for the period of January 1, 2013 through June 30, 2013 resolution.

On motion of Board Member Plotkin, seconded by Board Member Gonzalez-Hayes, unanimously carried, the Oversight Board adopted a resolution approving the Successor Agency Administrative Budget for the period of January 1, 2013 through June 30, 2013.

Ayes: 6 - Board Members Cisneros, Duarte, Plotkin Gonzalez-Hayes, Vice Chair Hidalgo, and Chair Bruckner

Vacant: 1 - Community College Appointee

Attachments: [Administrative Budget Resolution](#)

7. Recommendation: Adopt a “Resolution of the Oversight Board to the Successor Agency for the Community Redevelopment Agency of the City of Montebello Approving the Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead and Other Expenses Entered into by and Between the City of Montebello and the Montebello Successor Agency.” (12-3798)

Michael Huntley, Director of Planning and Community Development, presented a staff report explaining the Cooperative Agreement between the City and the Successor Agency, will allow the City to defray Successor Agency costs via loans, and that Successor Agency legal counsel recommended memorializing the agreement via resolution.

On motion of Board Member Plotkin, seconded by Board Member Cisneros, unanimously carried, the Oversight Board adopted the “Resolution of the Oversight Board to the Successor Agency for the Community Redevelopment Agency of the City of Montebello Approving the Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead, and Other Expenses Entered into by and Between the City of Montebello and the Montebello Successor Agency.”

Ayes: 6 - Board Members Cisneros, Duarte, Plotkin Gonzalez-Hayes, Vice Chair Hidalgo, and Chair Bruckner

Vacant: 1 - Community College Appointee

Attachments: [Staff Report](#)
[Resolution](#)

VII. MISCELLANEOUS

8. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-3729)

No matters were presented.

9. Public Comment. (12-3730)

Anna Arriola addressed the Oversight Board and requested to receive Supporting Documentation for Agenda Item No. 6 and 7. While the meeting was still in session, the Successor Agency provided the requested documentation to Ms. Arriola.

10. Adjournment. (12-3731)

The meeting adjourned at 10:11 a.m. The regular meeting of Wednesday, September 5, 2012 has been cancelled. A Special Meeting has been scheduled for Wednesday, September 26, 2012 at 8:15 a.m.